Swami Ramanand Teerth Marathwada University, Nanded

Synopsis of the Proposed Research Work for the Degree of Doctor of Philosophy in Commerce

"An Analytical Study of Tax Planning Investment Avenues by the Salaried Taxpayers in Solapur city"

Submitted by

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"An Analytical Study of Tax Planning Investment Avenues by the Salaried Taxpayers in Solapur city".

1) **Introduction:-**

- Under Income Tax Act 1961, assessees are required to pay income tax on their income. Income Tax Act provides five heads of income under which gross taxable amount is worked out. From such gross taxable amount, sum invested in various investment avenues under section 80 is allowed as deduction. Thus the taxable amount is reduced and tax liability is also reduced.
- Tax Planning Investment Avenues: - Income Tax Act -1961 provides various investment avenues for tax planning.

  Such tax planning investment avenues include

  a) Provident Fund,
  b) Public Provident Fund
  c) National Saving Certificates
  d) Post office cumulative term deposits
  e) Life insurance premium
  f) Premium for pension schemes of insurance companies
  g) Fixed deposit schemes of scheduled banks
  h) Contribution to tax saving schemes of mutual funds
  i) New Pension scheme etc.

  The maximum amount allowed as deduction is Rs. 1,50,000/- for other tax saving investment avenues and Rs. 2,00,000/- including contribution to new pension scheme.

- Tax planning is a perfect legal way to reduce your tax liability and hence is distinct from tax avoidance.
- Tax planning investment avenues provide great opportunity to taxpayers to reduce their tax liability.
- These saving avenues also help nation by increasing savings which can further be applied for investment in the field of industry, social welfare etc.

❖ **Introduction of Solapur**:-

Solapur is a city in South Western Maharashtra India governed by Municipal Corporation.

In terms of land area:- It is the fourth largest district in Maharashtra in terms of land area (behind Ahmednagar, Pune and Nagpur).

In terms of population: - seventh largest in terms of population in Maharashtra.

Languages:- Solapur is a melting point with influence of Kannada, Marathi and Telugu languages.

Transportation:- It is an important junction on the Central railway. Solapur is transport hub connecting Maharashtra, Karnataka and Andhra Pradesh and also Tamil Nadu. It is well connected by road and rail to major districts and cities.

Taxpayers' Profile in Solapur City:

Taxpayers mainly include Government employees, nationalised bank employees, teachers and professors of Government aided schools and colleges, a small portion of Government pensioners and private sector employees. These include taxpayers of both genders but proportion of female taxpayers is less as compared with male taxpayers. Similarly, the proportion of the salaried taxpayers working in private sector is less as compared with Government sector employees.

2) Statement of problem:-

The amount of investment in various tax planning avenues and the choice of avenues are greatly affected by factors like income level, age, gender, number of dependents, educational qualification, etc. The level of awareness about tax planning avenues is different among the taxpayers.

The study aims at ascertain whether relationship between various factors exists? Whether amount and choice of avenues are affected by these factors?

3) **Objectives of Study:-**

The study aims at achieving the following objectives:

1. To study the concept of tax planning.
2. To study various tax planning avenues available to the salaried taxpayers in Solapur City
3. To study level of the awareness about tax planning avenues among the salaried taxpayers in Solapur City.
4. To identify various factors influencing the choice of the tax planning investment avenues of salaried taxpayers in Solapur City.
5. To study the effectiveness and utility of these investment avenues from the view point of the salaried taxpayers in Solapur City.
6. To analyse the relationship between various factors influencing the choice of tax planning investment avenues.

4) **Statement of Hypothesis:-**

1. Various tax panning investment avenues have no positive utility from the view point of the salaried taxpayers in Solapur city.
2. In case of salaried taxpayers in Solapur city, choice of the tax planning investment avenues is independent of various demographic factors (like gender, age, family size, educational qualification, income etc.)
3. The proportion of investment to total income is independent of various demographic factors (like gender, age, family size, educational qualification, income etc.)

5) **Importance and significance of the study:-**

The proposed research is important from the following point of view

1. The proposed research will help in enhancing the awareness among the salaried taxpayers in Solapur city and it will be very useful in nation building.
2. The proposed research will help in understanding the utility of various tax saving investment avenues under Income Tax Act from the viewpoint of the taxpayers.
3. The proposed research will help in understanding the motives behind choice of a particular tax planning investment tool.

4. The proposed research will help in understanding the sources of information with salaried taxpayers in Solapur city.
5. The proposed research will help the providers of such investment avenues to plan their advertisement campaigns shift its focus etc.

6) **Review of Literature**

A search on http://shodhganga.inflibnet.ac.in/ resulted in getting only one thesis titled 'Personal Financial Planning An analysis of the Income Tax Saving Devices Commonly Employed' by Surendra Sundararjan, submitted to Maharaja Sayajirao University, Baroda which deals with similar topic. But the focus of that thesis is financial planning and not on tax planning, use of tax planning investment avenues by the salaried tax payers, their motives and influence of demographic factors on selection of a particular investment avenue. The thesis was submitted on 31/10/1997. Thereafter lot of time has lapsed and Income Tax Act as well as income levels etc. have undergone a sea of change.

A cursory search on google.com did not yield any article, research paper etc. on same / similar topic.

7) **Research Methodology:-**

This study is explorative in nature, in the sense that it focuses on exploring level of awareness, motives behind choice of a particular tax planning investment tool, their utility from taxpayers' point of view, effect of demographic factors on such choice etc. Research methodology consists of data collection methods, sources of data, sampling techniques, statistical avenues and techniques to analyze the data, scope of study and limitations of the study.

7.1. **Methods of data collection and sources of data**

Two types data will be used

a) Primary data will be collected through

- Interview Method

- Questionnaire Method

A sample of 300 salaried taxpayers will be selected.

b) Secondary data will be collected through

- Annual Report / Budget documents of Ministry of Finance.
- Recommendations of various committees on tax reforms
- Library & Internet
- Data collection organizations

6.2 **Techniques of data analysis of data:-**

- Measures of central tendency, percentage
- Measures of dispersion
- Correlation
- Bar charts, pie charts, line charts etc.
- Test of hypothesis by t-test, Chi-square test etc.
- Non parametric test (Qualitative data)

6.3 **Scope of study:-**

- Study is limited to salaried taxpayers in Solapur city.
- The tax planning investment avenues are mainly available to individuals in section 80 of The Income Tax Act, 1961. Thus study will deal with the investments in those avenues.

6.4. **Limitations of study:-**

- The effectiveness of explorative type of research mainly depends upon the correctness and truth of the information provided by the respondents.
- Many times the respondents are reluctant to provide information about their incomes and investments.

- Study is restricted to Solapur city municipal limits and hence may create problems in generalization.
- Sampling as well as statistical avenues have its own problems while generalization.
- The research work is limited to recent two financial years.

8) Scheme of the report:-

- Introduction of the topic
- Review of Literature
- Research Methodology/ Research Design

  "An Analytical Study of Use of Tax Planning Investment Avenues by the Salaried Taxpayers in Solapur city".

- Collection & Analysis of collected data
- Interpretation of data
- Conclusions and suggestions
- Bibliography

9) References:-

a. Reference Books

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